

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7210**

**BILL NUMBER:** SB 300

**NOTE PREPARED:** Apr 21, 2011

**BILL AMENDED:** Apr 18, 2011

**SUBJECT:** Automatic Renewal Clauses in Consumer Contracts.

**FIRST AUTHOR:** Sen. Taylor

**FIRST SPONSOR:** Rep. Eberhart

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** (Amended) This bill provides that the holder of a club permit for alcoholic beverages may designate as "guest day" or "guest days" three or fewer days in a month or nine or less consecutive days in a quarter. (Current law allows a holder of a club permit to designate one day each month as a "guest day".) It requires a person who: (1) provides services or the service, maintenance, lease, sale, or repair of real or personal property to a consumer; and (2) includes an automatic renewal clause in the person's contracts; to clearly and conspicuously in the contract and contract offer, disclose the automatic renewal clause and what actions the consumer must take to cancel the contract at the expiration of the contract term. The bill excludes certain transactions, policies, contracts, and agreements. It makes it a rebuttable presumption that a person complied with the requirements if the person meets certain criteria regarding the person's routine business practices. It provides that if a person: (1) enters into a with a consumer a contract that automatically renews; and (2) fails to comply with the requirements; the contract reverts to a 30 day renewal contract with the same terms.

This bill also provides that if a contract that is the subject of a lawsuit in which actual damages of less than \$50,000 are sought purports to choose laws of a jurisdiction other than Indiana to govern the contract, the choice is not enforceable. It provides that a payoff statement provided by a creditor or mortgage servicer in: (1) a first lien mortgage transaction; or (2) a consumer credit sale or consumer loan; must include in the itemization of the payoff amount the unpaid principal balance and each other fee, sum, or other charge included in the payoff amount.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Diana Agidi, 317-232-9867.